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CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE 4 February 1955

MEMORANDUM FOR:

Deputy Director (Intelligence)

SUBJECT:

Offshore Island Situation

General

Generally quiet in the offshore island area. Nationalist bombers attacked Communist shipping and land targets in the Tachen area, according to press reports. Two Communist vessels were reportedly destroyed and two others received hits. Communist gun positions on Ichiang were blasted.

According to press reports from Taipei, the Nationalist Defense Ministry has announded that the Tachens will be defended "at any cost." A later report stated that plans for the evacuation of the Tachens had been junked "at least reports the last several days. These lastest reports might reflect a decision by Chiang to match Communist China's hard Quemoys from the US.

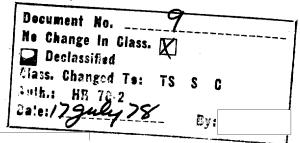
Weather

The weather in the Formosa Straits for the next 24 hours is to be partly cloudy with scattered showers. Visibility, however, will be from 7 to 10 miles. Flying conditions will be average to good.

Tachens

Communist bombing of the Tachens, and the extreme difficulty of resupply in the face of Chinese Communist air and naval superiority, has resulted in a dangerously low level of some Nationalist supplies. Antiaircraft ammunition and cooking oils are available for only five more days.

PACOM Review Completed



MAAG Taipei reports a Nationalist vessel near Tachens on 2 February made radar sighting of many fishing boats with four fast moving objects among them. There have been several reports similar to this and indicates that the Chinese Communists may be concealing torpedo boats in formations of fishing boats.

<u>Matsus</u>

Negative.

Quemoy

The Nationalist Defense Ministry announced on 4 February that Communist artillery on Tatan Island shelled Nationalist positions on Quemoy Island. There are no reports as yet as to the extent of this shelling.

Prospects for Cease-Fire

Chou En-lai's 3 February rejection of the United Nations' invitation supports other indications that the Peiping regime does not intend to conclude an early cease-fire in either public or private talks, and that Peiping means instead to maintain tension in the China area indefinitely.

It had been expected that Peiping would bid for more favorable terms of reference by insisting, as Chou has in his 3 February letter, on discussing the loaded Soviet resolution about American "aggression." Chou has gone beyond this and beyond any previous Chinese Communist statement, however, in declaring that Chinese Communist representatives will not attend Security Council discussions until Nationalist China has been replaced by Peiping in that body. Chou is surely aware that there is no early prospect of Peiping being granted China's seat on the Security Council.

Chou's letter, like other recent Chinese Communist comment on the concept of a cease-fire, suggests that even if Peiping's conditions for attending the UN debate were met, Chinese Communist representatives would maintain a stubborn attitude and would simply demand the withdrawal of American forces from the China area. The Communists appear to believe that if tension is maintained many governments will intervene in an attempt to modify American commitments to Nationalist China.

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